

ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2006

	December-06					September-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Quarter	Month	Net ROR	Market Value	Allocation	Quarter	Net ROR	Fiscal YTD	FY06	Ended	Ended
		Actual	Policy	Net ROR			Actual	Policy		Net ROR	Net ROR	6/30/2006	6/30/2006
LARGE CAP DOMESTIC EQUITY													
<i>Structured Growth</i>													
LA Capital	82,717,570	4.6%	4.5%	7.70%	0.30%	76,028,668	4.5%	4.5%	1.81%	9.65%	11.88%	N/A	N/A
Total Structured Growth	82,717,570	4.6%	4.5%	7.70%	0.30%	76,028,668	4.5%	4.5%	1.81%	9.65%	11.88%	12.99%	0.19%
Russell 1000 Growth				5.93%	0.34%				3.94%	10.10%	6.12%	8.34%	-0.77%
<i>Structured Value</i>													
LSV	84,285,845	4.7%	4.5%	8.13%	1.98%	78,006,866	4.6%	4.5%	4.48%	12.97%	15.93%	21.06%	12.29%
Russell 1000 Value				8.00%	2.24%				6.22%	14.72%	12.10%	15.70%	6.89%
<i>Enhanced Russell 1000 Index</i>													
LA Capital	79,265,566	4.4%	4.2%	7.80%	1.47%	72,791,324	4.3%	4.2%	3.51%	11.58%	12.49%	12.73%	3.75%
Russell 1000				6.95%	1.28%				5.06%	12.36%	9.08%	12.05%	3.12%
<i>Enhanced S&P 500 Index</i>													
Northern Trust	79,835,315	4.5%	4.2%	6.42%	1.61%	74,282,801	4.4%	4.2%	6.56%	13.40%	9.33%	11.32%	2.81%
Westridge	89,574,746	5.0%	4.5%	6.86%	1.43%	83,057,810	4.9%	4.5%	5.68%	12.94%	8.80%	11.46%	2.80%
Wells Capital	54,812,406	3.1%	3.0%	13.95%	6.60%	47,492,021	2.8%	3.0%	1.21%	15.33%	N/A	N/A	N/A
Franklin	53,355,363	3.0%	3.0%	5.52%	1.97%	49,936,543	3.0%	3.0%	N/A	N/A	N/A	N/A	N/A
Total Enhanced S&P 500 Index	277,577,830	12.6%	11.7%	7.79%	2.57%	254,769,175	12.2%	11.7%	5.15%	13.34%	8.58%	11.40%	2.76%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
<i>S&P 500 Index</i>													
State Street	36,122,581	2.0%	2.1%	8.05%	2.52%	33,104,293	2.0%	2.1%	5.79%	14.30%	9.62%	11.55%	2.70%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	559,969,392	31.4%	30.0%	7.85%	1.98%	514,700,326	30.5%	30.0%	4.32%	12.50%	10.93%	13.21%	3.86%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY													
<i>Manager-of-Managers</i>													
SEI	131,613,775	7.4%	7.2%	8.85%	0.35%	122,051,469	7.2%	7.2%	-0.01%	8.84%	13.56%	18.31%	8.00%
Russell 2000 + 200bp				9.43%	0.50%				0.94%	10.46%	16.86%	21.06%	10.71%
Callan	51,732,359	2.9%	2.8%	8.45%	0.29%	47,380,277	2.8%	2.8%	-0.91%	7.46%	N/A	N/A	N/A
Russell 2000				8.90%	0.33%				0.44%	9.38%			
TOTAL SMALL CAP DOMESTIC EQUITY	183,346,134	10.3%	10.0%	8.74%	0.34%	169,431,746	10.1%	10.0%	-0.27%	8.45%	13.40%	18.25%	7.97%
Russell 2000				8.90%	0.33%				0.44%	9.38%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY													
<i>Large Cap - Core</i>													
State Street	18,872,868	1.1%	1.0%	11.53%	3.43%	16,928,751	1.0%	1.0%	3.40%	15.32%	27.85%	20.61%	6.87%
MSCI EAFE (1)				10.35%	3.14%				3.93%	14.69%	26.56%	20.76%	5.94%
<i>Large Cap - Active</i>													
Capital Guardian	55,278,823	3.1%	3.0%	8.42%	3.23%	50,938,271	3.0%	3.0%	4.95%	13.79%	28.01%	21.32%	6.58%
LSV	55,599,987	3.1%	3.0%	10.85%	4.76%	50,160,425	3.0%	3.0%	5.93%	17.43%	27.77%	N/A	N/A
Bank of Ireland	18,242,007	1.0%	1.0%	9.82%	1.93%	16,614,218	1.0%	1.0%	3.02%	13.14%	22.00%	19.16%	N/A
Total Large Cap - Active	129,120,817	7.2%	7.0%	9.65%	3.69%	117,712,914	7.0%	7.0%	5.09%	15.23%	27.11%	21.84%	7.14%
MSCI EAFE - 50% Hedged				9.06%	3.79%				4.87%	14.37%	26.72%	22.56%	6.89%
<i>Small Cap - Active</i>													
Lazard	18,678,482	1.0%	1.0%	15.51%	4.41%	16,170,109	1.0%	1.0%	1.38%	17.11%	25.04%	29.34%	N/A
Wellington	17,692,360	1.0%	1.0%	9.14%	3.39%	16,186,523	1.0%	1.0%	3.21%	12.65%	23.35%	25.26%	N/A
Total Small Cap - Active	36,370,842	2.0%	2.0%	12.33%	3.91%	32,356,632	1.9%	2.0%	2.29%	14.90%	24.18%	27.28%	N/A
Citigroup Broad Market Index < \$2BN				11.41%	3.40%				1.55%	13.13%	29.21%	32.38%	N/A
TOTAL INTERNATIONAL EQUITY	184,364,528	10.3%	10.0%	10.36%	3.72%	166,998,297	9.9%	10.0%	4.36%	15.18%	26.61%	22.77%	8.74%
MSCI EAFE - 50% Hedged				9.06%	3.79%				4.87%	14.37%	26.72%	22.56%	6.89%
EMERGING MARKETS EQUITY													
<i>Core</i>													
JP Morgan	18,699,921	1.0%	0.9%	17.51%	5.15%	15,887,174	0.9%	0.9%	7.76%	26.63%	N/A	N/A	N/A
PanAgora	15,750,922	0.9%	0.0%	17.38%	4.93%	13,403,508	0.8%	0.0%	4.96%	23.20%	N/A	N/A	N/A
WestLB	15,962,965	0.9%	0.0%	17.37%	4.21%	13,586,095	0.8%	0.0%	2.94%	20.82%	N/A	N/A	N/A
UBS	28,165,813	1.6%	1.5%	16.12%	4.50%	24,207,038	1.4%	1.5%	4.67%	21.54%	N/A	N/A	N/A
Total Core	78,579,620	4.4%	4.9%	16.75%	4.58%	67,083,815	4.0%	4.9%	5.09%	22.69%	35.59%	32.44%	18.61%
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%	35.91%	22.39%	12.89%
<i>Small Cap</i>													
DFA	18,150,170	1.0%	1.0%	20.71%	4.64%	15,002,942	0.9%	1.0%	8.53%	31.01%	N/A	N/A	N/A
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%			
TOTAL EMERGING MARKETS EQUITY	96,729,790	5.4%	5.0%	17.47%	4.59%	82,086,757	4.9%	5.0%	5.71%	24.17%	34.40%	32.05%	18.40%
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%	35.91%	34.76%	21.54%
DOMESTIC FIXED INCOME													
<i>Core Bond</i>													
Western Asset	49,747,707	2.8%	2.9%	1.78%	-0.52%	49,643,643	2.9%	2.9%	4.29%	6.14%	-1.15%	2.65%	5.96%
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	2.05%	4.97%
<i>Index</i>													
Bank of ND	89,870,831	5.0%	6.0%	0.88%	-0.77%	91,983,054	5.5%	6.0%	3.77%	4.68%	-1.37%	1.53%	5.24%
Total Index	89,870,831	5.0%	6.0%	0.88%	-0.77%	91,983,054	5.5%	6.0%	3.77%	4.68%	-0.69%	2.10%	5.27%
Lehman Gov/Credit				1.04%	-0.76%				3.91%	4.99%	-1.52%	1.60%	5.13%
<i>Convertibles</i>													
TCIW (2)	-	0.0%	0.0%	N/A	N/A	43,142,529	2.6%	2.9%	2.85%	N/A	4.54%	6.78%	1.15%
Calamos	45,669,559	2.6%	2.9%	N/A	0.41%		0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Total Convertibles	45,669,559	2.6%	2.9%	4.93%	0.41%	43,142,529	2.6%	2.9%	2.85%	7.92%	4.54%	6.78%	1.15%
Merrill Lynch All Convertibles (3)				5.01%	0.38%				2.79%	7.94%	9.37%	8.01%	4.94%

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	December-06					September-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation		Quarter Net ROR	Month Net ROR	Market Value	Allocation		Quarter Net ROR	Net ROR	Net ROR	6/30/2006 Net	6/30/2006 Net
		Actual	Policy				Actual	Policy					
BBB Average Quality													
Wells Capital	49,727,416	2.8%	2.9%	2.07%	-0.39%	49,504,586	2.9%	2.9%	4.58%	6.74%	-2.70%	3.36%	5.51%
Lehman BBB		1.49%		1.49%	-0.94%				4.80%	6.36%	-2.37%	2.39%	6.10%
Private Debt													
Prudential	49,576,111	2.8%	2.9%	1.47%	-0.34%	49,653,160	2.9%	2.9%	3.84%	5.37%	-0.13%	N/A	N/A
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	N/A	N/A
Timberland													
TIR - Teredo (4)	36,388,288	2.0%	2.0%	2.22%	-0.06%	35,326,377	2.1%	2.1%	-0.19%	2.03%	-1.44%	7.62%	N/A
TIR - Springbank	74,360,893	4.2%	4.2%	-0.20%	-0.03%	74,002,709	4.4%	4.4%	-0.06%	-0.25%	13.53%	N/A	N/A
Total Timberland	110,749,181	6.2%	6.2%	0.59%	-0.04%	109,329,086	6.5%	6.5%	-0.10%	0.49%	9.43%	20.37%	N/A
NCREIF Timberland Index				0.85%	0.28%				0.85%	1.71%	19.69%	13.94%	N/A
TOTAL DOMESTIC FIXED INCOME	395,340,805	22.2%	24.0%	1.58%	-0.30%	393,256,057	23.3%	24.0%	2.67%	4.30%	3.12%	8.91%	8.14%
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	2.05%	4.97%
HIGH YIELD BONDS													
Core													
Loomis Sayles	43,837,801	2.5%	2.5%	4.69%	1.02%	41,871,374	2.5%	2.5%	4.85%	9.77%	4.74%	N/A	N/A
Sutter/Wells Capital	41,760,458	2.3%	2.5%	1.39%	-0.13%	41,216,490	2.4%	2.5%	2.84%	4.27%	4.70%	N/A	N/A
Total Core	85,598,259	4.8%	4.9%	3.05%	0.46%	83,087,864	4.9%	5.0%	3.84%	7.01%	4.72%	5.70%	3.38%
LB High Yield 2% Issuer Contstrained Index				4.11%	1.11%				3.76%	8.02%	4.38%	N/A	N/A
Mezzanine Debt													
Goldman Sachs	1,042,245	0.1%	0.1%	0.00%	0.00%	595,221	0.0%	0.0%	0.00%	0.00%	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	86,640,504	4.9%	5.0%	3.04%	0.46%	83,683,085	5.0%	5.0%	3.82%	6.97%	4.72%	8.34%	7.47%
LB High Yield 2% Issuer Contstrained Index				4.11%	1.11%				3.76%	8.02%	4.38%	8.48%	8.60%
INTERNATIONAL FIXED INCOME													
International Sovereign													
UBS Global (Brinson)	41,976,775	2.4%	2.5%	1.88%	-1.99%	41,533,189	2.5%	2.5%	-0.15%	1.72%	0.13%	5.24%	9.99%
Citigroup Non-US Gov't Bond Index (5)				2.09%	-2.12%				0.89%	3.00%	-0.11%	5.01%	9.58%
International Core													
Brandywine	42,814,037	2.4%	2.5%	2.84%	-1.24%	42,568,863	2.5%	2.5%	1.93%	4.83%	3.89%	8.39%	N/A
Lehman Global Aggregate (ex-US)				2.57%	-1.80%				1.13%	3.73%	3.83%	5.69%	N/A
TOTAL INTERNATIONAL FIXED INCOME	84,790,812	4.8%	5.0%	2.37%	-1.61%	84,102,052	5.0%	5.0%	0.89%	3.28%	2.01%	6.82%	10.91%
Citigroup Non-US Gov't Bond Index (5)				2.09%	-2.12%				0.89%	3.00%	0.00%	5.05%	9.60%
REAL ESTATE													
INVESCO													
J.P. Morgan Strategic & Special Funds	46,218,766			0.14%	0.00%	46,727,672			1.55%	1.69%	23.84%	17.33%	12.38%
J.P. Morgan Alternative Property Fund	48,493,355			4.17%	1.69%	47,237,291			4.36%	8.72%	21.05%	17.14%	12.52%
J.P. Morgan Alternative Property Fund	11,336,971			0.00%	0.00%	10,348,395			-2.82%	-2.82%	N/A	N/A	N/A
TOTAL REAL ESTATE	106,049,092	5.9%	5.0%	1.94%	0.77%	104,313,358	6.2%	5.0%	2.40%	4.38%	22.09%	17.09%	12.36%
NCREIF TOTAL INDEX				3.51%	1.16%				3.51%	7.14%	18.22%	15.63%	12.19%
ALTERNATIVE INVESTMENTS													
Brinson IVCF II	60,623			0.00%	0.00%	60,623			0.00%	0.00%	22.67%	13.90%	-0.56%
Coral Partners II	100,317			0.12%	0.00%	100,201			0.13%	0.25%	3.74%	6.19%	-9.24%
Coral Partners V	3,457,274			1.68%	0.00%	4,819,043			-0.31%	1.36%	8.74%	-15.32%	-24.06%
Coral Partners V - Supplemental	420,795			8.05%	0.00%	437,562			-0.70%	7.29%	10.53%	10.33%	N/A
Coral Partners VI	7,174,019			-2.87%	0.00%	7,402,568			-0.08%	-2.95%	-6.22%	-10.14%	N/A
Brinson 1998 Partnership Fund	1,032,914			2.07%	2.07%	1,014,299			4.03%	6.18%	16.52%	15.11%	1.97%
Brinson 1999 Partnership Fund	1,873,302			4.42%	4.42%	2,517,191			8.99%	13.81%	14.27%	12.72%	-1.26%
Brinson 2000 Partnership Fund	6,040,839			2.97%	2.97%	5,880,294			4.86%	7.98%	28.22%	17.90%	3.70%
Brinson 2001 Partnership Fund	4,109,754			-1.63%	-1.63%	4,187,319			8.12%	6.36%	19.85%	9.95%	3.22%
Brinson 2002 Partnership Fund	2,314,747			-6.73%	-6.73%	2,487,580			9.58%	2.20%	32.42%	13.22%	N/A
Brinson 2003 Partnership Fund	686,427			5.60%	5.60%	651,503			3.05%	8.82%	25.48%	6.77%	N/A
Brinson 1999 Non-US Partnership Fund	859,320			25.02%	25.02%	945,208			16.69%	45.89%	40.48%	30.98%	18.60%
Brinson 2000 Non-US Partnership Fund	1,664,143			0.83%	0.83%	1,654,271			26.11%	27.15%	35.03%	21.65%	13.01%
Brinson 2001 Non-US Partnership Fund	1,680,570			-19.07%	-19.07%	2,081,264			7.27%	-13.19%	27.25%	17.46%	8.96%
Brinson 2002 Non-US Partnership Fund	3,002,825			31.26%	20.81%	2,795,879			17.05%	53.64%	38.11%	22.66%	N/A
Brinson 2003 Non-US Partnership Fund	2,393,083			12.56%	12.56%	1,809,198			21.45%	36.70%	31.08%	8.89%	N/A
Brinson 2004 Non-US Partnership Fund	887,061			7.00%	7.00%	671,036			-0.77%	6.18%	24.56%	N/A	N/A
Brinson BVCF IV	9,883,439			10.81%	0.00%	8,939,696			9.17%	20.98%	31.35%	19.07%	0.41%
Adams Street Direct Co-investment Fund	1,026,237			-5.02%	0.00%	1,082,945			N/A	N/A	N/A	N/A	N/A
Matlin Patterson Global Opportunities	7,312,295			12.96%	0.00%	6,488,457			-5.52%	6.72%	-11.68%	26.48%	N/A
Matlin Patterson Global Opportunities II	16,834,722			0.27%	0.00%	11,933,876			0.71%	0.98%	-0.85%	N/A	N/A
InvestAmerica	3,071,832			0.00%	0.00%	3,078,868			30.21%	30.21%	0.00%	-9.20%	N/A
Hearthstone MSII	239,706			0.00%	0.00%	74,489			0.00%	0.00%	-100.00%	-100.00%	-100.00%
Hearthstone MSIII	1,269,541			-1.32%	0.00%	174,008			38.24%	36.42%	59.61%	N/A	N/A
Quantum Resources	1,553,641			N/A	N/A	-			N/A	N/A	N/A	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	78,949,426	4.4%	5.0%	3.67%	0.91%	71,287,401	4.2%	5.0%	6.15%	10.05%	11.08%	10.37%	-2.92%
CASH EQUIVALENTS													
Northern Trust STIF/STEP	7,374,895	0.4%	1.0%	1.30%	0.38%	15,413,369	0.9%	1.0%	1.34%	2.65%	4.31%	2.64%	2.41%
90 Day T-Bill				1.26%	0.44%				1.33%	2.60%	4.00%	2.37%	2.25%
TOTAL FUND	1,783,555,378	100.0%	100.0%	6.14%	1.25%	1,685,272,450	100.0%	100.0%	3.31%	9.65%	12.00%	14.23%	7.93%
POLICY TARGET BENCHMARK				5.63%	0.98%				4.12%	9.99%	10.07%	11.75%	6.64%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.

(3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.

(4) Prior to June 1, 2006, the Toredos properties were under the management of RMK.

(5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.